



Tennessee Student Assistance Corporation

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Tennessee Student Assistance Corporation Supports Student Loan Reform Proposal

Option Preserves Consumer Choice, Taxpayer Savings, and Jobs

WASHINGTON D.C. - The Tennessee Student Assistance Corporation joined a diverse coalition of lenders, guaranty agencies, secondary markets, and servicers representing all sectors of the student loan community – non-profit, for-profit, and state-based – in supporting a reform proposal that builds on President Obama’s student loan plan. The Student Loan Community Proposal should achieve the same level of taxpayer savings for student financial aid, while preserving consumer choice, borrower default-prevention programs, and jobs here in Tennessee.

In a joint statement, coalition members said, “The student loan community’s proposal offers the best of both worlds -- it melds the President’s proposal’s cost-saving features with tried and true program elements that have served families well since 1965: consumer choice, superior service, innovation, local administration and borrower default prevention programs.”

The Student Loan Community Proposal endorses the core principles of the Administration’s reform effort -- using federal funds to guarantee the stability of student loan financing, eliminating subsidies to private lenders, and generating historic savings for student financial aid -- while maintaining choice, competition, superior service for students and schools and preserving Tennessee jobs.

In addition, the proposal meets these goals without the significant transition risk assumed by 4,500 schools that comes from the Administration’s planned government takeover of more than \$60 billion in private-sector-originated student loans in less than six months. It guarantees taxpayer savings will be available to deliver on the Administration’s proposal to expand the Pell Grant program by establishing a fee-for-service system for loan originations, servicing, and collections to be performed by student loan service providers of a student’s or school’s choice.

This Student Loan Community Proposal also achieves the following:

- Allows schools to maintain the ability to choose Tennessee not-for-profit and state-based agencies to provide originations or servicing in their state;
- Permits current originators to continue to provide origination services if schools or students choose them, eliminating the massive transition risk that comes from requiring thousands of schools to immediately change programs;
- Incorporates “risk sharing” incentives on loan servicing, generating further savings and significantly reducing defaults;
- Expands default prevention assistance, counseling, financial literacy, and advocacy programs from guaranty agencies to all students and families; and,
- Preserves the 35,000 jobs that comprise the existing student lending infrastructure.

“The consensus plan presents the best solution for Tennessee students and families, allowing them to stay with their current student loan provider and eliminating the massive transition risk that comes with forcing thousands of schools to immediately change course,” said Jane Pennington, Associate Executive Director for Loan Programs. “We are proud to support this comprehensive student loan reform effort because it is in the best interest of students, families and schools here in Tennessee.”

The initial list of signatories to the plan includes:

Citizens Bank

Brazos Higher Education Service Corporation

Edfinancial Services

Educational Credit Management Corporation

Edsouth

Finance Authority of Maine

Florida Department of Education -- OSFA

Georgia Higher Education Assistance Corporation

Georgia Student Finance Authority

Illinois Designated Account Purchase Program

Illinois Student Assistance Commission

Kentucky Higher Education Assistance Authority

Kentucky Higher Education Student Loan Corporation

Missouri Department of Higher Education

Missouri Higher Education Loan Authority

National Student Loan Program

Nelnet

New Mexico Student Loans

New York State Higher Education Services Corporation

NHHEAF Network

North Carolina State Education Assistance Authority

Northwest Education Loan Association

PNC Bank

Rhode Island Higher Education Assistance Authority

Sallie Mae

Student Loan Guarantee Foundation of Arkansas

SunTrust Banks, Inc.

Tennessee Student Assistance Commission

The Student Loan Corporation

USA Funds

Utah Higher Education Assistance Authority

Wyoming Student Loan Corporation

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